

**SUNFLOWER EXTENSION DISTRICT NO. 6  
SHERMAN COUNTY, KANSAS**

**FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**VONFELDT, BAUER & VONFELDT, CHTD.  
Certified Public Accountants  
Larned, Kansas 67550**

SUNFLOWER EXTENSION DISTRICT NO. 6  
SHERMAN COUNTY, KANSAS

Financial Statements  
For the Year Ended December 31, 2010

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Sunflower Extension District No. 6  
Goodland, KS 67735

We have audited the accompanying financial statements of Sunflower Extension District No. 6, Goodland, Kansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative financial information has been derived from the District's December 31, 2009 financial statements and, in our report dated August 23, 2010, we expressed an unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, Sunflower Extension District No. 6, Goodland, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Sunflower Extension District No. 6, Goodland, Kansas as of December 31, 2010, the changes in its financial position, or where applicable, its cash flows for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Sunflower Extension District No. 6, Goodland, Kansas, as of December 31, 2010 and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

VONFELDT, BAUER & VONFELDT, CHTD.  
Certified Public Accountants

September 28, 2011

SUNFLOWER EXTENSION DISTRICT NO. 6  
 SHERMAN COUNTY, KANSAS  
 Summary of Cash Receipts, Expenditures and Unencumbered Cash  
 For the Year Ended December 31, 2010

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>
Governmental Type Funds:		
General Fund	\$ 75,033.77	\$ 0.00
Total Reporting Entity (Memorandum Only)	<u>\$ 75,033.77</u>	<u>\$ 0.00</u>

The notes to the financial statements are an integral part of this statement.

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 356,544.71	\$ 341,506.93	\$ 90,071.55	\$ 0.00	\$ 90,071.55
<u>\$ 356,544.71</u>	<u>\$ 341,506.93</u>	<u>\$ 90,071.55</u>	<u>\$ 0.00</u>	<u>\$ 90,071.55</u>

SUNFLOWER EXTENSION DISTRICT NO. 6  
SHERMAN COUNTY, KANSAS  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
For the Year Ended December 31, 2010

Balance to be accounted for:	<u>\$ 90,071.55</u>
Composition of Cash:	
Cash in Banks:	
NOW Account - First National Bank, Goodland, Kansas	\$ 45,400.29
Less Outstanding Checks	(18,915.90)
MMA Account - First National Bank, Goodland, Kansas	57,067.77
Certificates of Deposit - First National Bank, Goodland, Kansas	<u>6,519.39</u>
Total Reporting Entity	<u>\$ 90,071.55</u>

The notes to the financial statements are an integral part of this statement.

SUNFLOWER EXTENSION DISTRICT NO. 6  
SHERMAN COUNTY, KANSAS  
Summary of Expenditures - Actual and Budget  
(Budgeted Funds Only)  
For the Year Ended December 31, 2010

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>
Governmental Type Funds:		
General Fund	\$ 407,500.00	\$ 0.00

The notes to the financial statements are an integral part of this statement.



Statement 2

Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
\$ 407,500.00	\$ 341,506.93	\$ (65,993.07)

SUNFLOWER EXTENSION DISTRICT NO. 6  
SHERMAN COUNTY, KANSAS  
GENERAL FUND

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year December 31, 2009)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 263,179.09	\$ 267,447.56	\$ 276,427.00	\$ (8,979.44)
Delinquent Tax	3,977.70	5,413.54	0.00	5,413.54
Motor Vehicle Tax	25,329.75	25,603.21	25,925.00	(321.79)
Recreational Vehicle Tax	451.06	498.45	1,250.00	(751.55)
16/20M Tax	1,992.21	2,302.47	1,243.00	1,059.47
Kansas State University	55,103.41	44,286.00	55,500.00	(11,214.00)
Reimbursed Expenses	9,931.24	9,574.42	8,000.00	1,574.42
Interest on Idle Funds	266.55	160.14	0.00	160.14
Other	570.03	1,258.92	1,200.00	58.92
Total Cash Receipts	<u>360,801.04</u>	<u>356,544.71</u>	<u>\$ 369,545.00</u>	<u>\$ (13,000.29)</u>
Expenditures				
Print/Audit	9,069.91	7,849.10	7,000.00	849.10
Telephone	5,243.10	5,775.48	7,000.00	(1,224.52)
Rent/Heat/Utilities	1,279.10	1,601.74	3,000.00	(1,398.26)
Supplies/Postage	10,241.95	9,633.51	16,000.00	(6,366.49)
Equipment	9,145.16	5,679.02	11,000.00	(5,320.98)
Miscellaneous	6,641.43	8,340.18	0.00	8,340.18
Travel	6,608.96	7,328.93	10,000.00	(2,671.07)
Subsistence	4,005.13	5,270.69	6,000.00	(729.31)
Salaries	253,470.55	236,401.50	266,000.00	(29,598.50)
Employer Contributions	33,216.03	33,555.87	40,000.00	(6,444.13)
Educational Services	19,042.96	20,070.91	31,500.00	(11,429.09)
Capital Outlay	0.00	0.00	10,000.00	(10,000.00)
Total Expenditures	<u>357,964.28</u>	<u>341,506.93</u>	<u>\$ 407,500.00</u>	<u>\$ (65,993.07)</u>
Receipts Over (Under) Expenditures	2,836.76	15,037.78		
Unencumbered Cash, Beginning	<u>72,197.01</u>	<u>75,033.77</u>		
Unencumbered Cash, Ending	<u>\$ 75,033.77</u>	<u>\$ 90,071.55</u>		

The notes to the financial statements are an integral part of this statement.

SUNFLOWER EXTENSION DISTRICT NO. 6  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Sunflower Extension District No. 6, Goodland, Kansas provides services in such areas as agriculture, home economics, and 4-H club, to all persons in the county. The extension council is governed by an elected twelve member executive board. A primary government is a legal entity or public politic and include all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. Sunflower Extension District No. 6 has no component units as of December 31, 2010.

B. FUND ACCOUNTING

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of Sunflower Extension District No. 6, Goodland, Kansas for the year ended December 31, 2010:

GOVERNMENTAL FUNDS:

General Funds--to account for all unrestricted resources except those required to be accounted for in another fund.

C. BASIS OF ACCOUNTING

Statutory Basis of Accounting: The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America: The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

#### D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of an interest bearing checking account, money market account, and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

#### E. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompany individual fund financial statements in order to provide an understanding of changes in the District's financial position and operation. Some prior year balances have been reclassified to conform with the current year presentation.

#### F. TOTAL COLUMNS (MEMORANDUM ONLY)

Total Columns on the Summary of Receipts, Expenditures and Unencumbered Cash are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

#### G. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer at designated times throughout the year.

#### H. REIMBURSED EXPENSES

Sunflower Extension District No. 6, Goodland, Kansas, records reimbursable expenditures (or expense) in the fund that makes the disbursement and records the reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

#### I. USE OF ESTIMATES

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

## Note 2 - BUDGETARY INFORMATION (Cont'd.)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits: Districts may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, and permanent funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## Note 3 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

## Note 4 - DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with the allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

#### Note 4 - DEPOSITS AND INVESTMENTS (Cont'd.)

Custodial Credit Risk - deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2010.

At December 31, 2010 the District's carrying amount of deposits was \$90,071.55 and the bank balance was \$108,987.45. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$108,987.45 was covered by federal depository insurance.

#### Note 5 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The District does not participate in a public entity risk pool.

#### Note 6 - DEFINED BENEFIT PENSION PLAN

Plan description. The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy: K.S.A. 74-4919 establishes the KPERS member-employer contribution rate at 4% of covered salary. The employer collects and remits member-employer contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2010 is 6.14%. The District employer contributions to KPERS for the years ending December 31, 2010, 2009, and 2008, were \$5,846.78, \$5,012.00, and \$3,929.59, respectively, equal to the required contributions for each year.

#### Note 7 - LEASE COMMITMENTS

##### Operating Leases:

The District has entered into operating leases for a postage machine. For the reporting period, rent expenditures were \$684.00. These expenditures were made from the General Fund.